Contents

Option 1 – Full Refurbishment of New England House (empty building)

Description

Undertake works to mitigate current fire risks identified at New England House, refurbish the building, and replace any materials and systems which are at, or near, the end of their lifespan.

The works are expected to achieve a continued tenanted lifespan of at least 20 years with 'normal' repair and replacement obligations. Necessary repair and replacement activities have been identified and will be undertaken to avoid future high-cost obligations. While the building may continue to be occupiable after 20 years, plans should be prepared to replace the building in the long run. Maintenance and repair obligations are expected to increase over the 20-year period. When preparing for a refurbishment project, officers would look to increase confidence in the expected lifespan of the building and see what measures could be undertaken to increase the minimum expected lifespan.

The works include:

- All fire stopping, and fire & lightning protection works
- New façade including lightwell, and replacement entrance doors
- Repairs to roof and alterations to incorporate new façade (which is currently in a poor state of repair and leaking)
- Repairs to areas of the external façade, staircases, and drainage
- Replace: signage, handrails, balustrading, cages, CCTV, Access Control, external lighting
- Replace and upgrade electrical connection and installations incl. lighting to common areas
- Statutory compliance works to landlord water installations
- Making good unit spaces and carpark

The building would be fully vacated for the duration of the above works to allow for efficient programming, negating risk to tenants, and limit financial obligations of a partially tenanted building, including service charges and business rates.

Timescales

A high-level programme needs to be produced with input from a contractor. Works are expected to take between 30 and 36 months. For the purposes of this report, the timescale used is 36 months.

Variations

A variation if this option would be to explore the benefits of a deeper level of refit, for example returning to shell and core. This would potentially identify further existing and unknown defects and may allow for an increased lifespan of the building, e.g., for at least 30 years.

Analysis

A 20-year lifespan could be made to coincide with a masterplan for regeneration of the wider area including land owned by the council and its current development partners. A redevelopment of the site as part of a wider masterplan is expected to lead to better outcomes and can come within or after the regeneration of the area. The option achieves a surplus at year 12 [+10% cost and +10% rent scenario] which coincides with timescales to deliver a masterplan regeneration of the area. Not maximizing the lifespan of the existing structure would be an unsustainable use of materials and this aspect needs further consideration.

This option represents a low risk in that it would deliver an asset meeting an identified and quantified need (the existing needs) with an opportunity to resize units to improve let ability.

From a planning perspective this option is a low risk, avoiding potential delays to delivery of the project and re-providing the lost commercial space.

Financial

This option requires decanting New England House, which would create a service pressure of up to £1.2m for 2025/26 and 2026/27, through loss of income.

Assumptions

The assumptions for this appraisal are as follows:

- Excludes management costs
- The existing building is empty from 2025 and during works.
- The existing refurbished building lifespan is 20 years.
- Available capital funding for the project is £9.26m.
- All floorspace will be available for a similar light industrial use.
- 15% professional fees and contingency.
- Assumed average void rate of 5% over the lifetime of the building.
- NPV figures include £1.2m service pressure through loss of income and loss of business rates in the first year.
- Costs based upon estimates by Potter Raper Partnership dated: 23/10/2024.

Costs

Investment	Estimated cost £'000	Estimated cost +10% £'000	Estimated cost +20% £'000
Works costs	25,037	27,541	30,044
On-costs incl. contingency	3,756	4,131	4,507
Total	28,793	31,672	34,551

20-year NPV Subsidy / (Surplus) and gap funding per unit

Rent type	NPV year 20 £'000	NPV year 20 10% cost increase £'000	NPV year 20 20% cost increase £'000
Existing rent	(10,714)	(6,091)	(1,469)
Existing rent + 10%	(14,994)	(10,372)	(5,750)
Existing rent + 20%	(19,275)	(14,653)	(10,031)

At +10% cost and +10% rent, the project achieves a surplus at year 12.

Risks

Description	Potential consequences	Likelihood 1 = almost impossible 5 = almost certain	Impact 1 = insignificant 5 = catastrophic	Mitigating controls and actions
Refurbishment of existing buildings can be complex and unforeseen issues can occur.	Increase in construction costs, timescales, and complexity of works	4	3	Undertake thorough assessment of the current condition of the building. Undertake works without tenants in place to be able to access view all areas.
The refurbishment does not uncover an unknown building defect.	The existing unknown defect impacts on safety of the building. Future high cost and disruptive works to remediate.	3	3	The refurbishment does not uncover an unknown building defect. Undertake works without tenants in place to be able to access view all areas. Consider deeper refurbishment which aims to uncover and resolve any issues.
The building is old and before 20 years further defects, which	Future high cost and disruptive works to remediate.	2	3	Prepare and undertake ongoing proactive maintenance programme with surveys of the building.

Description	Potential consequences	Likelihood 1 = almost impossible 5 = almost certain	Impact 1 = insignificant 5 = catastrophic	Mitigating controls and actions
currently don't exist, may arise.				
Ongoing investment and maintenance programme is not maintained.	Defects will be allowed to worsen, increasing H&S risks, and increasing future costs to remediate.	4	2	Costs to maintain the building are likely to be the same or higher over the future 20-year lifespan, including increased condition surveys
Presence HAC [High Alumina Cement] concrete requires ongoing condition surveys and consideration of uses allowed in the building.	HAC is susceptible to reduced concrete strength and risk of failure when in contact with chemicals (incl. water).	3	4	Ongoing condition surveys to confirm the structure is performing suitably. Works should not cover up areas of the structure, which must be accessible for survey and testing.
Risk that the building does not meet future regulation requirements	If regulations come into effect, e.g. minimum energy use requirements, which the building cannot meet, further investment may be required.	3	3	Carefully consider use of the refurbished building and impact potential regulation changes may have.
To achieve a viable scheme, rents rise and become unaffordable for the targeted business sectors.	The refurbished building does not offer the same economic benefits of co-locating creative businesses and fostering business growth.	3	3	Interrogate the proposed works and limit them to those which are required to achieve the outcome.
Works taking place with tenants in situ.	Increased H&S risks of occupying the building while works are taking place. The complexity of work programme and timescales increase. Additional 'meanwhile' systems required such as a sprinkler system. The below opportunity to reconfigure the layout would be limited or made impossible.	4	3	Undertake works in an empty or nearly empty building.

Opportunities

Description	Potential consequences	Likelihood 1 = almost impossible 5 = almost certain	Impact 1 = insignificant 5 = fantastic	Realisation controls and actions
Reconfigure the layout to achieve higher occupancy rates while meeting the aims of the Vision for NEH	Increased let ability Meet the needs of potential new and different management and letting strategies for the building	5	3	Decant the building fully or almost fully before undertaking works Review the requirements that meet the Vision for NEH

Sustainability– Carbon Neutral City

While no assessment of carbon emissions has taken place, the refurbished building would perform better than the existing building for energy use, as improved thermal performance of the façade would reduce energy use for heating and increase comfort for tenants working there.

However, the refurbished building would not be expected to perform as well for energy use as a new building. Despite the avoided carbon emissions by not rebuilding, the overall whole life carbon emissions of this option may be higher than for a demolition and rebuild. Further assessment of this would be required.

While whole life carbon emissions could be higher over the building's lifespan, this is only part of the story; another important consideration is that the retention and reuse of the building would avoid new materials use achieving 'circular' benefits of limiting impact on the environment and the earth's resources.

This option lacks significant opportunities to increase biodiversity on this site, but further consideration to use of the roof space could be given if chosen.

Overall, and given the information currently available, the refurbishment options are considered the most environmentally sustainable option.

Option 2 – Full Refurbishment of New England House (with tenants in occupation)

Description

Undertake works to mitigate current fire risks identified at New England House, refurbish the building, and replace any materials and systems which are at, or near, the end of their lifespan.

The works are expected to achieve a continued tenanted lifespan of at least 20 years with 'normal' repair and replacement obligations.

The works have been identified to avoid future high-cost obligations, but to keep tenants in place, it would be difficult to deliver as deep a refit as with an empty building. As such, there is a higher risk that unknown defects are not uncovered and rectified during the works. While the building may continue to be occupiable after 20 years, plans should be prepared to replace the building in the long run. Maintenance and repair obligations are expected to increase over the 20-year period.

The works include:

- All fire stopping, and fire & lightning protection works
- New façade including lightwell, and replacement entrance doors
- Repairs to roof and alterations to incorporate new façade (which is currently in a poor state of repair and leaking)
- Repairs to areas of the external façade, staircases, and drainage
- Replace: signage, handrails, balustrading, cages, CCTV, Access Control, external lighting
- Replace and upgrade electrical connection and installations incl. lighting to common areas
- Statutory compliance works to landlord water installations
- Making good unit spaces and carpark

Wherever possible tenants will be supported to remain in the building during the works, but work will be carried out to all floors, ceilings, and all walls. It is expected all tenants will need to move equipment, and work from elsewhere (for up to weeks at a time) while works are carried out in their units.

A partial decant of the build may create enough space for each floor to be renovated, after which tenants can move into refurbished units, but some works are required to take place with tenants in situ.

Timescales

A high-level programme needs to be produced with input from a contractor. Works are expected to take between 5 and 5.5 years. For the purposes of this report, the timescale used is 5.5 years.

Analysis

Undertaking a refurbishment of the building without decanting the existing tenants is, while technically achievable, considered unrealistic in practice. The works are estimated to take several years longer if the building remains occupied. The fire risks in the building remain until such works are completed to rectify the defects and emptying the building to undertake the works is therefore the safest option.

If tenants were to remain in the building while fire safety works were carried out, each tenant, including all their property and fittings, would need to relocate within the building while works are carried out to their unit. The façade of the building and all fire doors must be replaced, and repairs must be made to the ceilings and most internal walls. To do this, several tenants, if not an entire floor, would need to relocate at the same time to carry out the works.

The disruption of noise, vibration, access limitations and relocations are expected to lead to significant vacancies in the building, greatly limiting the benefits of keeping the building open and occupied, while also making it difficult to realise all the benefits of a refurbishment.

Financial

This option is expected to be unattractive to many tenants and the building is expected to be c.30% occupied throughout the period when works are taking place. This would create a service pressure of up to £0.85m for 2025/26 and 2026/27, through loss of income.

Assumptions

The assumptions for this appraisal are as follows:

- Excludes management costs
- The existing building is 70% empty from 2025 and during works.
- The existing refurbished building lifespan is 20 years.
- Available capital funding for the project is £9.26m.
- All floorspace will be available for a similar light industrial use.
- 15% professional fees and contingency.
- Assumed average void rate of 5% over the lifetime of the building.
- NPV figures include £0.85m service pressure through loss of income and loss of business rates in the first year.

- Costs based upon estimates by Potter Raper Partnership dated: 23/10/2024.

Costs

Investment	Estimated cost £'000	Estimated cost +10% £'000	Estimated cost +20% £'000
Works costs	27,541	30,295	33,049
On-costs incl. contingency	4,131	4,544	4,957
Total	31,672	34,839	38,006

20-year NPV Subsidy / (Surplus) and gap funding per unit

Rent type	NPV year 20 £'000	NPV year 20 10% cost increase £'000	NPV year 20 20% cost increase £'000
Existing rent	(10,657)	(5,787)	(917)
Existing rent + 10%	(15,557)	(10,687)	(5,818)
Existing rent + 20%	(20,457)	(15,588)	(10,718)

At +10% cost and +10% rent, the project achieves a surplus at year 14.

Risks

Description	Potential consequences	Likelihood 1 = almost impossible 5 = almost certain	Impact 1 = insignificant 5 = catastrophic	Mitigating controls and actions
Tenants remain in a building with where most existing fire risks are not mitigated. The mitigations are only achieved over time.	The risk of fire remains high while works are not completed.	4	5	Undertake works without tenants in place.
Refurbishment of existing buildings can be complex and unforeseen issues can occur.	Increase in construction costs, timescales, and complexity of works	4	3	Undertake thorough assessment of the current condition of the building. Undertake works without tenants in place to be able to access view all areas, carry out a deeper retrofit
The refurbishment does not uncover	The existing unknown defect impacts on safety of the building	3	3	Undertake thorough assessment of the current condition of the building.

Description	Potential consequences	Likelihood 1 = almost impossible 5 = almost certain	Impact 1 = insignificant 5 = catastrophic	Mitigating controls and actions
an unknown building defect.	Defects worsens over time Future high cost and disruptive works to remediate.			Undertake works without tenants in place to be able to access view all areas. Consider deeper refurbishment which aims to uncover and resolve any issues.
The building is old and before 20 years further defects, which currently don't exist, may arise.	Future high cost and disruptive works to remediate.	2	3	Prepare and undertake ongoing proactive maintenance programme with surveys of the building.
Ongoing investment and maintenance programme is not maintained.	Defects will be allowed to worsen, increasing H&S risks, and increasing future costs to remediate.	4	2	Costs to maintain the building are likely to be the same or higher over the future 20-year lifespan, including increased condition surveys
Presence HAC [High Alumina Cement] concrete requires ongoing condition surveys and consideration of uses allowed in the building.	HAC is susceptible to reduced concrete strength and risk of failure when in contact with chemicals (incl. water).	3	4	Ongoing condition surveys to confirm the structure is performing suitably. Works should not cover up areas of the structure, which must be accessible for survey and testing.
To achieve a viable scheme, rents rise and become unaffordable for the targeted business sectors.	The refurbished building does not offer the same economic benefits of co-locating creative businesses and fostering business growth.	3	3	Interrogate the proposed works and limit them to those which are required to achieve the outcome.
Works taking place with tenants in situ.	Increased H&S risks of occupying the building while works are taking place. The complexity of work programme and timescales increase. Additional 'meanwhile' systems required such as a sprinkler system. The below opportunity to reconfigure the layout would be limited or made impossible.	4	3	Undertake works in an empty or nearly empty building.

Opportunities

Description	Potential consequences	Likelihood 1 = almost impossible 5 = almost certain	Impact 1 = insignificant 5 = fantastic	Realisation controls and actions
Reconfigure the layout to achieve higher occupancy rates while meeting the aims of the Vision for NEH	Increased let ability Meet the needs of potential new and different management and letting strategies for the building	5	3	Decant the building fully or almost fully before undertaking works Review the requirements that meet the Vision for NEH

Sustainability– Carbon Neutral City

While no assessment of carbon emissions has taken place, the refurbished building would perform better than the existing building for energy use, as improved thermal performance of the façade would reduce energy use for heating and increase comfort for tenants working there.

However, the refurbished building would not be expected to perform as well for energy use as a new building. Despite the avoided carbon emissions by not rebuilding, the overall whole life carbon emissions of this option may be higher than for a demolition and rebuild. Further assessment of this would be required.

While whole life carbon emissions could be higher over the building's lifespan, this is only part of the story; another important consideration is that the retention and reuse of the building would avoid new materials use achieving 'circular' benefits of limiting impact on the environment and the earth's resources.

This option lacks significant opportunities to increase biodiversity on this site, but further consideration to use of the roof space could be given if chosen.

Overall, and given the information currently available, the refurbishment options are considered the most environmentally sustainable option.

Option 3 – Full Refurbishment with Three Storey Extension

Description

This option is similar to Option 1 – Full Refurbishment but includes the addition of three additional storeys to be constructed using a lightweight structural system. This option is a retrofit approach which achieves additional lettable space with significant sustainability benefits and avoided carbon emissions verses a demolition and new build.

Offering the additional storeys will increase the floorspace offering a total GIA of 20,135 m^2 and NIA area of 16,464 m^2.

Given the additional investment in extending the building, a deeper level of refurbishment is recommended to reduce the risk of future replacement and maintenance and increase the lifespan of the building to c.30 years. **The viability of achieving a 30-year lifespan building needs to be fully considered as it is not yet understood whether this is achievable.** Further surveys of the structure would be required to confirm this.

Timescales

A high-level programme needs to be produced with input from a contractor. Works are expected to take between 36 to 48 months. For the purposes of this report, the timescale used is 48 months.

Analysis

This option is a complicated and costly proposal which would require considerable alterations to the existing building. Working as a hybrid between the refurbishment or new build options will result in additional unknowns and risks for the council. The proposal will also need to go through the same statutory processes as the new build, such as a major planning application, without the full benefits being realised.

It is expected the estimated life span of the building cannot be substantially increased as it will be dependent upon the existing structure remaining viable. The pure refurbishment option allows for wider strategic placemaking over the long-term without investment in new structures.

Financial

This option requires decanting New England House, which would create a service pressure of up to £1.2m for 2025/26 and 2026/27, through loss of income.

Assumptions

The assumptions for this appraisal are as follows:

- Excludes management costs
- The existing building is empty from 2025 and during works.
- The existing refurbished building lifespan is 30 years.

- Available capital funding for the project is £9.26m.
- All floorspace will be available for a similar light industrial use.
- 15% professional fees and contingency.
- Assumed average void rate of 5% over the lifetime of the building.
- NPV figures include £1.2m service pressure through loss of income and loss of business rates in the first year.
- Refurbishment option based upon estimates by Potter Raper Partnership dated: 23/10/2024.

Costs

Investment	Estimated cost £'000	Estimated cost +10% £'000	Estimated cost +20% £'000
Works costs	41,425	45,568	49,710
On-costs incl. contingency	6,214	6,83	7,457
Total	47,639	52,403	57,167

30-year NPV Subsidy / (Surplus) and gap funding per unit

Rent type	NPV year 30 £'000	NPV year 30 10% cost increase £'000	NPV year 30 20% cost increase £'000
Existing rent	(31,363)	(22,194)	(13,024)
Existing rent + 10%	(42,010)	(32,841)	(23,671)
Existing rent + 20%	(52,658)	(43,488)	(34,318)

At +10% cost and +10% rent, the project achieves a surplus at year 15.

Risks

Description	Potential consequences	Likelihood 1 = almost impossible 5 = almost certain	Impact 1 = insignificant 5 = catastrophic	Mitigating controls and actions
Refurbishment of existing buildings can be complex and unforeseen issues can occur.	Increase in construction costs, timescales, and complexity of works.	4	3	Undertake thorough assessment of the current condition of the building. Undertake works without

Description	Potential consequences	Likelihood 1 = almost impossible 5 = almost certain	Impact 1 = insignificant 5 = catastrophic	Mitigating controls and actions
	The complexity of work programme and timescales increase.			tenants in place to be able to access view all areas.
The refurbishment does not uncover an unknown building defect.	The existing unknown defect impacts on safety of the building. Defects worsens over time. Future high cost and disruptive works to remediate. A deeper level of retrofit works would be more disruptive to tenants in place, and this may not be feasible without decanting tenants while works are carried out to each floor.	4	3	Undertake thorough assessment of the current condition of the building. Undertake works without tenants in place to be able to access view all areas.
The building is old and before 30 years further defects, which currently don't exist, may arise.	Future high cost and disruptive works to remediate.	3	3	Prepare and undertake ongoing proactive maintenance programme with surveys of the building.
Ongoing investment and maintenance programme is not maintained.	Defects will be allowed to worsen, increasing H&S risks, and increasing future costs to remediate.	4	2	Costs to maintain the building are likely to be the same or higher over the future 30-year lifespan, including increased condition surveys
Presence HAC [High Alumina Cement] concrete requires ongoing condition surveys and consideration of uses allowed in the building.	HAC is susceptible to reduced concrete strength and risk of failure when in contact with chemicals (incl. water).	3	4	Ongoing condition surveys to confirm the structure is performing suitably. Works should not cover up areas of the structure, which must be accessible for survey and testing.
To achieve a viable scheme, rents rise and become unaffordable for the targeted business sectors.	The refurbished building does not offer the same economic benefits of co-locating creative businesses and fostering business growth.	3	3	Interrogate the proposed works and limit them to those which are required to achieve the outcome.
Risk of fire & increased H&S risks for works	Risk to tenants, fire services and construction workers	4	5	Undertake works in an empty or nearly empty building.

Description	Potential consequences	Likelihood 1 = almost impossible 5 = almost certain	Impact 1 = insignificant 5 = catastrophic	Mitigating controls and actions
taking place with tenants in situ.	remain while work is being carried out, the risk being reduced incrementally through the works.			Additional 'meanwhile' systems required such as a sprinkler system.

Opportunities

Description	Potential consequences	Likelihood 1 = almost impossible 5 = almost certain	Impact 1 = insignificant 5 = fantastic	Realisation controls and actions
Increase existing lettable floorspace by 5181 m^2	This option delivers a higher amount of much needed floorspace to continue to develop new businesses.	5	3	Architectural feasibility study is underway.
Reconfigure the layout to achieve higher occupancy rates while meeting the aims of the Vision for NEH.	Increased let ability Meet the needs of potential new and different management and letting strategies for the building	3	3	This opportunity is more limited with tenants in place but can be done if each floor is entirely decanted while works take place and tenants move back into entirely new units.

Sustainability– Carbon Neutral City

For the 30-year period, the refurbished building would perform better than the existing building for energy use, as improved thermal performance of the façade and extension would lead to a reduction in energy use for heating.

However, the refurbished part of the building would not be expected to perform as well for energy use as a new building. Despite the avoided carbon emissions by not rebuilding, the overall whole life carbon emissions of this option may be higher than for a demolition and rebuild. Further assessment of this would be required.

While whole life carbon emissions could be higher over the building's lifespan, this is only part of the story; another important consideration is that the retention and reuse of the building would avoid new materials use achieving 'circular' benefits of limiting impact on the environment and the earth's resources.

This option has opportunities to increase biodiversity on this site through the use of a brown/green roof, or roof garden.

Overall, and given the information currently available, the refurbishment options are considered the most environmentally sustainable option.

Option 4 – Demolition and New Build Small Sized Building (15,886 m²)

Description

This option is a new build approach on a scale which is comparable to the existing New England House, creating approximately 15,886 (GIA) m^2 and 13,268 (NIA) m^2.

This option tests the viability of redelivering a commercial use building by full demolition of New England House and construction of a new building.

Timescales

A project team needs to be appointed to provide an accurate programme. Works are expected to take between 3 and 4 years. For the purposes of this report, the timescale used is 48 months.

Variations

- Consider different occupancy mixes between light industrial and office space use as well as roof terrace gardens, bars, restaurants, co-workspaces and public cafes.
- Consider different occupancy mixes including other commercial uses and mixed use including residential.

Analysis

This option is based upon the existing building footprint and is likely to be considered under use of the site by the Planning Authority. Substantial financial investment will be required over a long-term period to construct the building with a surplus only being achieved at year 38 based on a 10% increase in both works and rental assumptions.

Other new build options support better opportunities to deliver a mixed-use development and realise the full potential of the site.

Financial

This option requires decanting New England House, which would create a service pressure of up to £1.2m for 2025/26 and 2026/27, through loss of income.

Assumptions

The assumptions for this appraisal are as follows:

- Excludes management costs
- The existing building is empty from 2025 and during works.
- The existing refurbished building lifespan is 50 years.
- Available capital funding for the project is £9.26m.
- All floorspace will be available for a similar light industrial use.

- 15% professional fees and contingency.
- Assumed average void rate of 5% over the lifetime of the building.
- Includes reserved income of £340,000pa (plus inflation) for refit of common areas and major reconfiguration over lifespan of new building.
- NPV figures include £1.2m service pressure through loss of income and loss of business rates in the first year.
- Works costs are based upon £3,000 per m².

Costs

Investment	Estimated cost £'000	Estimated cost +10% £'000	Estimated cost +20% £'000
Works costs	47,658	52,424	57,190
On-costs incl. contingency	7,149	7,864	8,578
Total	54,807	60,287	65,768

50-year NPV Subsidy / (Surplus) and gap funding per unit

Rent type	NPV at year 50 £'000	NPV at year 50 10% cost increase £'000	NPV at year 50 20% cost increase £'000
Existing rent	(27,010)	(12,278)	2,455
Existing rent + 10%	(44,985)	(30,253)	(15,520)
Existing rent + 20%	(62,960)	(48,227)	(33,495)

At +10% cost and +10% rent, the project achieves a surplus at year 38.

Risks

Description	Potential consequences	Likelihood 1 = almost impossible 5 = almost certain	Impact 1 = insignificant 5 = catastrophic	Mitigating controls and actions
New build construction costs are high and have gone through a period of inflation	High construction costs require high rental incomes to make a financially viable project. This impacts the type and size of organization	3	3	Continue to monitor costs against the market. Factor in realistic initial budget. Consider early contractor engagement

Description	Potential consequences	Likelihood 1 = almost impossible 5 = almost certain	Impact 1 = insignificant 5 = catastrophic	Mitigating controls and actions
	which can afford the space.			
New build redevelopments can take a long-time impacting programme	Existing building requires ongoing considerable investment to remain tenanted while new build plans are drawn up. Otherwise, the building may be empty long-term attracting anti-social behaviour.	4	3	Produce an early realistic programme considering optimism bias. Look into security options if building were to be decanted and analyse costs.
This smaller option “like-for-like" replacement only increases overall footprint by modest amount	The smaller scale of development may negatively impact viability and underuse the development potential of the existing site.	4	2	Work with planning case officers early to discuss density and agree development principles.
Likely to lose significant proportion of NEH tenants due to time needed for redevelopment	May not assist existing tenants in the longer term. Likely to need new tenants and make up of building will need to change	3	4	Understand wider city needs for commercial space and engage with tenants early to understand their priorities.

Opportunities

Description	Potential consequences	Likelihood 1 = almost impossible 5 = almost certain	Impact 1 = insignificant 5 = fantastic	Realisation controls and actions
New build offers opportunity to meet modern standards of construction	New build standards higher than for existing buildings offering safe contemporary commercial space with lower maintenance obligations in the medium term.	5	3	
Opportunity to reimagine the space at New England House through engagement with existing tenants and wider	Clear opportunity to design building in keeping with tenants needs	4	3	Continue to engage with the tenant reference group and prepare a consultation plan if this option is chosen.

Description	Potential consequences	Likelihood 1 = almost impossible 5 = almost certain	Impact 1 = insignificant 5 = fantastic	Realisation controls and actions
business community.				
Opportunity to deliver a masterplan for the wider Elder Place corridor area	Consideration of masterplan opportunities will take additional time, and delivering a regeneration masterplan with land assembly and phased development would be a far longer-term project.	2	5	There can be no delay to undertaking fire mitigation works at New England House, which does not suit the timescales of a wider masterplan. Consider a wider development masterplan when preparing plans for a new building.

Sustainability– Carbon Neutral City

A new build commercial building offers the opportunity to deliver high energy efficiency especially in relation to heating. A mix of unit types can allow for heated and unheated units.

In design the whole lifespan of the building can be considered from a sustainability perspective. The ability to adapt the layout and activities in the building with minimal carbon emissions can be included. The end of life of the building can be considered to allow for disassembly rather than demolition. This would mean more materials could hold their original value and be reused, avoiding additional materials use and carbon emissions, and retaining some financial value.

There is potential opportunity for materials in the existing building to be reused in the new development, or on other sites. Secondary (reused) materials can be used in the new build development, but retaining and refurbishing the existing structure is expected to be the best opportunity to minimise the use of primary raw materials.

Reducing primary materials use, using sustainable materials, and other measures are likely to impact delivery costs and/or timescales. The impact is expected to have the greatest impact on design and procurement timescales.

A new building could achieve biodiversity net gains through green roofs and walls, but these must be considered carefully as the building is in an exposed location and planting is expected have a higher risk of failure.

Underuse of this site for employment (and/or residential) space is unsustainable. More commercial and residential space is required in the city and what is not delivered here may need to be provided at an alternative location where there is a greater impact on biodiversity, space, and materials use.

Option 5 – Demolition and New Build Medium Sized Building (21,823 m²)

Description

This option is based upon a medium new build of 21,832m^2 (GIA) and 18,498m^2 (NIA). The scale is comparable to option 3 refurbishment with three storey extension but would require full demolition of the building.

Timescales

A project team needs to be appointed to provide an accurate programme. Works are expected to take between 3 and 4 years. For the purposes of this report, the timescale used is 48 months.

Variations

- Consider different occupancy mixes between light industrial and office space use as well as roof terrace gardens, bars, restaurants, co-workspaces and public cafes.
- Consider different occupancy mixes including other commercial uses and mixed use including residential.

Analysis

This option is based upon substantial financial investment which will be required over a long-term period to construct the building with a surplus only being achieved at year 41 based on a 10% increase in both works and rental assumptions.

A block of this size will need to be fully justified through masterplanning and placemaking of the wider locale increasing timescales for delivery. This option could be considered alongside the refurbishment of the existing building for a longer-term plan for the area.

Financial

This option requires decanting New England House, which would create a service pressure of up to £1.2m for 2025/26 and 2026/27, through loss of income.

Assumptions

The assumptions for this appraisal are as follows:

- Excludes management costs
- The existing building is empty from 2025 and during works.
- The existing refurbished building lifespan is 50 years.
- Available capital funding for the project is £9.26m.
- All floorspace will be available for a similar light industrial use.
- 15% professional fees and contingency.

- Assumed average void rate of 5% over the lifetime of the building.
- Includes reserved income of £465,800pa (plus inflation) for refit of common areas and major reconfiguration over lifespan of new building.
- NPV figures include £1.2m service pressure through loss of income and loss of business rates in the first year.
- Works costs are based upon £3,000 per m^2.

Costs

Investment	Estimated cost £'000	Estimated cost +10% £'000	Estimated cost +20% £'000
Works costs	65,469	72,016	78,563
On-costs incl. contingency	9,820	10,802	11,784
Total	75,289	82,818	90,347

50-year NPV Subsidy / (Surplus) and gap funding per unit

Rent type	NPV at year 50 £'000	NPV at year 50 10% cost increase £'000	NPV at year 50 20% cost increase £'000
Existing rent	(30,491)	(10,253)	9,985
Existing rent + 10%	(55,520)	(35,281)	(15,043)
Existing rent + 20%	(80,548)	(60,310)	(40,072)

At +10% cost and +10% rent, the project achieves a surplus at year 41.

Risks

Description	Potential consequences	Likelihood 1 = almost impossible 5 = almost certain	Impact 1 = insignificant 5 = catastrophic	Mitigating controls and actions
New build construction costs are high and have gone through a period of inflation	High construction costs require high rental incomes to make a financially viable project. This impacts the type and size of organization which can afford the space.	3	3	Continue to monitor costs against the market. Factor in realistic initial budget. Consider early contractor engagement

Description	Potential consequences	Likelihood 1 = almost impossible 5 = almost certain	Impact 1 = insignificant 5 = catastrophic	Mitigating controls and actions
New build redevelopments can take a long-time impacting programme	Existing building requires ongoing considerable investment to remain tenanted while new build plans are drawn up. Otherwise, the building may be empty long-term attracting anti-social behaviour.	4	3	Produce an early realistic programme considering optimism bias. Look into security options if building were to be decanted and analyse costs.
Increased footprint by 7,215sqm compared to the existing building. Is there a need for the space?	Need to consider commercial need for amount of light industrial and other commercial uses in the building.	2	4	Work internally and externally to establish need within city. Carefully consider the mix of commercial and/or residential uses within building.
Likely to lose significant proportion of NEH tenants due to time needed for redevelopment	Many existing tenants looking for long term certainty in their premises are unlikely to return to the new building. Likely to need new tenants and make up of building will need to change.	3	4	Understand wider city needs for commercial space and engage with tenants early to understand their priorities.

Opportunities

Description	Potential consequences	Likelihood 1 = almost impossible 5 = almost certain	Impact 1 = insignificant 5 = fantastic	Realisation controls and actions
Larger space offers more opportunity to consider mixed uses to help with viability and wider place shaping.	Opportunity to redeliver existing space alongside other uses to create a thriving community	4	3	Undertake further options appraisal including use mix if this option is chosen.
New build offers opportunity to meet modern standards of construction	New build standards higher than for existing buildings offering safe contemporary commercial space with lower maintenance obligations in the medium term.	5	3	
Opportunity to reimagine the space at New England House	Clear opportunity to design building in keeping with tenants needs	4	3	Continue to engage with the tenant reference group and prepare a consultation

Description	Potential consequences	Likelihood 1 = almost impossible 5 = almost certain	Impact 1 = insignificant 5 = fantastic	Realisation controls and actions
Larger space offers more opportunity to consider mixed uses to help with viability and wider place shaping.	Opportunity to redeliver existing space alongside other uses to create a thriving community	4	3	Undertake further options appraisal including use mix if this option is chosen.
through engagement with existing tenants and wider business community.				plan if this option is chosen.
Opportunity to deliver a masterplan for the wider Elder Place corridor area	Consideration of masterplan opportunities will take additional time, and delivering a regeneration masterplan with land assembly and phased development would be a far longer-term project.	2	5	There can be no delay to undertaking fire mitigation works at New England House, which does not suit the timescales of a wider masterplan. Consider a wider development masterplan when preparing plans for a new building.

Sustainability– Carbon Neutral City

A new build commercial building offers the opportunity to deliver high energy efficiency especially in relation to heating. A mix of unit types can allow for heated and unheated units.

In design the whole lifespan of the building can be considered from a sustainability perspective. The ability to adapt the layout and activities in the building with minimal carbon emissions can be included. The end of life of the building can be considered to allow for disassembly rather than demolition. This would mean more materials could hold their original value and be reused, avoiding additional materials use and carbon emissions, and retaining some financial value.

There is potential opportunity for materials in the existing building to be reused in the new development, or on other sites. Secondary (reused) materials can be used in the new build development, but retaining and refurbishing the existing structure is expected to be the best opportunity to minimise the use of primary raw materials.

Reducing primary materials use, using sustainable materials, and other measures are likely to impact delivery costs and/or timescales. The impact is expected to have the greatest impact on design and procurement timescales.

A new building could achieve biodiversity net gains through green roofs and walls, but these must be considered carefully as the building is in an exposed location and planting is expected have a higher risk of failure.

Option 6 – Demolition and New Build Large Building (27,779 m²)

Description

This option is based on a significantly larger development being proposed and maximising the height of a new building using the neighbouring York & Elder as a guide. The areas would be 27,779m² (GIA) and 23,728m² (NIA), and the height would be 12 storeys.

The massing would break the building into two blocks to reduce the visual impact. This option would benefit from a wider master planning exercise and potential to incorporate other land holdings within the vicinity.

Timescales

Due to the size and scale of the proposals this would be a long-term aspirational proposal and would take approximately 5 to 6 years to develop from feasibility to completion. For the purposes of this report 60 months have been used. If wider scale masterplanning is incorporated these timescales may increase but could provide a cohesive redevelopment option for the wider locale.

Variations

- Wider commercial uses can be considered, and a mixed used scheme should be strongly considered due to the size of building as well as roof terrace gardens, bars, restaurants, co-workspaces and public cafes.
- Consider different occupancy mixes including other commercial uses and mixed use including residential.

Analysis

The size of this block is comparable to neighbouring developments but will require substantial borrowing to build. A block of this size will need to be fully justified through masterplanning and placemaking of the wider locale increasing timescales for delivery. This option could be considered alongside the refurbishment of the existing building for a longer-term plan for the area.

Financial

This option requires decanting New England House, which would create a service pressure of up to £1.2m for 2025/26 and 2026/27, through loss of income.

Assumptions

The assumptions for this appraisal are as follows:

- Excludes management costs
- The existing building is empty from 2025 and during works.
- The existing refurbished building lifespan is 50 years.

- Available capital funding for the project is £9.26m.
- All floorspace will be available for a similar light industrial use.
- 15% professional fees and contingency.
- Assumed average void rate of 5% over the lifetime of the building.
- Includes reserved income of £515,865pa (plus inflation) for refit of common areas and major reconfiguration over lifespan of new building.
- NPV figures include £1.2m service pressure through loss of income and loss of business rates in the first year.
- Works costs are based upon £3,000 per m².

Costs

Investment	Estimated cost £'000	Estimated cost +10% £'000	Estimated cost +20% £'000
Works costs	83,337	91,671	100,004
On-costs incl. contingency	12,501	13,751	15,001
Total	95,838	105,421	115,005

50-year NPV Subsidy / (Surplus) and gap funding per unit

Rent type	NPV at year 50 £'000	NPV at year 50 10% cost increase £'000	NPV at year 50 20% cost increase £'000
Existing rent	(21,047)	(1,122)	18,802
Existing rent + 10%	(51,997)	(32,073)	(12,149)
Existing rent + 20%	(82,948)	(63,024)	(43,099)

At +10% cost and +10% rent, the project achieves a surplus at year 45.

Risks

Description	Potential consequences	Likelihood 1 = almost impossible 5 = almost certain	Impact 1 = insignificant 5 = catastrophic	Mitigating controls and actions
New build construction costs are high	Construction costs may be high	3	5	Continue to monitor costs against the market. Factor in realistic initial budget.

Description	Potential consequences	Likelihood 1 = almost impossible 5 = almost certain	Impact 1 = insignificant 5 = catastrophic	Mitigating controls and actions
and have gone through a period of inflation	impacting upon rental incomes for tenants.			Consider early contractor engagement
New build redevelopments can take a long-time impacting programme	Existing building requires considerable investment to keep open otherwise the building may be empty long-term attracting anti-social behaviour.	4	3	Produce an early realistic programme considering optimism bias. Look into security options if building were to be decanted and analysing costs.
This option increases the footprint by 12,445 m² compared to the existing building	Need to consider the commercial need for this amount of light industrial in building	3	4	Produce an early realistic programme considering optimism bias. Look into security options if building were to be decanted and analysing costs
Much larger building compared to existing New England House and may present planning risk	Proposals have a much larger footprint and would become more dominant compared to wider street scene.	3	4	Early discussion with planning authority on building mass and wider masterplanning options.
Likely to lose significant proportion of NEH tenants due to time needed for redevelopment	Many existing tenants looking for long term certainty in their premises are unlikely to return to the new building. Likely to need new tenants and make up of building will need to change.	3	4	Understand wider city needs for commercial space and engage with tenants early to understand their priorities

Opportunities

Description	Potential consequences	Likelihood 1 = almost impossible 5 = almost certain	Impact 1 = insignificant 5 = fantastic	Realisation controls and actions
Larger space offers more opportunity to consider mixed uses to help with viability and wider place shaping.	Opportunity to redeliver existing space alongside other uses to create a thriving community	4	3	Undertake further options appraisal including use mix if this option is chosen.
New build offers opportunity to meet modern	New build standards higher than for existing buildings offering safe	5	3	

Description	Potential consequences	Likelihood 1 = almost impossible 5 = almost certain	Impact 1 = insignificant 5 = fantastic	Realisation controls and actions
standards of construction	contemporary commercial space with lower maintenance obligations in the medium term.			
Opportunity to reimagine the space at New England House through engagement with existing tenants and wider business community.	Clear opportunity to design building in keeping with tenants needs	4	3	Continue to engage with the tenant reference group and prepare a consultation plan if this option is chosen.
Opportunity to deliver a masterplan for the wider Elder Place corridor area	Consideration of masterplan opportunities will take additional time, and delivering a regeneration masterplan with land assembly and phased development would be a far longer-term project.	4	5	There can be no delay to undertaking fire mitigation works at New England House, which does not suit the timescales of a wider masterplan. Consider a wider development masterplan when preparing plans for a new building.

Sustainability– Carbon Neutral City

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There is potential opportunity for materials in the existing building to be reused in the new development, or on other sites. Secondary (reused) materials can be used in the new build development, but retaining and refurbishing the existing structure is expected to be the best opportunity to minimise the use of primary raw materials.

Reducing primary materials use, using sustainable materials, and other measures are likely to impact delivery costs and/or timescales. The impact is expected to have the greatest impact on design and procurement timescales.

A new building could achieve biodiversity net gains through green roofs and walls, but these must be considered carefully as the building is in an exposed location and planting is expected have a higher risk of failure.